

# FISCAL NOTE

**Bill #:** HB0726                      **Title:** Allow medicaid funding for foster children under 21 years of age

**Primary Sponsor:** Kaufmann, C.                      **Status:** As Introduced - Revised

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2004 Difference</u></b>	<b><u>FY 2005 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$56,556	\$55,866
Federal Special Revenue	\$146,585	\$146,768
 <b>Revenue:</b>		
Federal Special Revenue	\$146,585	\$146,768
 <b>Net Impact on General Fund Balance:</b>	(\$56,556)	(\$55,866)

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|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact<br><input type="checkbox"/> Included in the Executive Budget<br><input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Technical Concerns<br><input type="checkbox"/> Significant Long-Term Impacts<br><input checked="" type="checkbox"/> Needs to be included in HB 2 |
|---|---|

## Fiscal Analysis

### ASSUMPTIONS:

#### Health Policy Services Division

1. In FY 2002 there were 732 sixteen through eighteen-year olds receiving Medicaid services.
2. In FY 2002 Medicaid expenditures for clients 16 through 18 years old were \$4,249,572. These total costs are reduced by \$2,337,616 for residential treatment facilities and therapeutic group home services that would not be eligible services for clients 19 through 20 years old. The net FY 2002 cost of \$1,911,956 divided by 732 recipients provides an average cost of \$2,612 in FY 2002. Adjusted for an annual inflation rate of 3 percent, the estimated cost per recipient is \$2,690 (\$2,612 x 1.03) in FY 2003; \$2,771 (\$2,690 x 1.03) in FY 2004; and \$2,854 in FY2005 (\$2,771 x 1.03).
3. Approximately 70 children age out of foster care each year upon reaching 18.
4. The additional group of children to be covered will potentially include 210 children aged 18, 19 and 20 (3 x 70 = 210).
5. If HB 726 were enacted, approximately 85 percent of the 210 children, or 179 children, would now be covered (210 x .85 = 179) and approximately 75 percent of those children, or 134, (179 x .75 = 134) would actually enroll according to estimates from the Congressional Budget Office.
6. Of the 210 former foster youth aged 18, 19 and 20; approximately 60 percent, or 126, (210 x .6 = 126) would have been eligible for Medicaid prior to HB 726, and about 50 percent of those children, or 63,

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(126 x .5) would have been receiving Medicaid under existing arrangements including the Ribicoff program, SSI, and other Medicaid categories so they would not be added after HB 726.

7. The increase in the number of children eligible for Medicaid would then be 71 (134 – 63 = 71).
8. The Federal Medical Assistance Participation (FMAP) rate in FY 2004 is 27.12 percent general fund and 72.88 federal funds and in FY 2005 the FMAP rate is 27.57 percent general fund and 72.43 percent federal funds.
9. In FY 2004, the total Medicaid costs would be \$196,741 (71 x \$2,771) of which \$53,356 would be general fund (\$196,741 x 27.12 percent) and \$143,385 would be federal funds (\$196,741 x 72.88 percent).
10. In FY 2005, the total Medicaid costs would be \$202,634 (71 x 2,854) of which \$55,866 would be general fund (\$202,634 x 27.57 percent) and \$146,768 would be federal funds (\$202,634 x 72.43 percent).

**Operations and Technology Division**

11. System modifications would need to be made to The Economic Assistance Management System (TEAMS). It is estimated that the modifications would take 80 hours of programming time at an estimated cost of \$80 per hour for a one-time-only cost of \$6,400 in FY 2004.
12. The system modifications are funded at a split of fifty percent general fund and fifty percent federal funds.

**FISCAL IMPACT:**

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
<b>Health Policy Services Division (Pgm 07)</b>		
<u>Expenditures:</u>		
Benefits	\$196,741	\$202,634
<u>Funding of Expenditures:</u>		
General Fund (01)	\$53,356	\$55,866
Federal Special Revenue (03)	<u>143,385</u>	<u>146,768</u>
TOTAL	\$196,741	\$202,634
<u>Revenues:</u>		
Federal Special Revenue (03)	\$143,385	\$146,768
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$53,356)	(\$55,866)

**Operations and Technology Division (Pgm 09)**

<u>Expenditures:</u>		
Operations	\$6,400	
<u>Funding of Expenditures:</u>		
General Fund (01)	\$3,200	
Federal Special Revenue (03)	<u>3,200</u>	
TOTAL	\$6,400	
<u>Revenues:</u>		
Federal Special Revenue (03)	\$3,200	
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$3,200)	